

Central Intelligence Agency



Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE

7 September 1983

Technology Leakage from Japan

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Tokyo is taking well-publicized measures to stop illegal acquisitions of technology in Japan, apparently in response to US complaints. The new actions and the publicity surrounding them are hindering Soviet collection efforts in Japan and are forcing Japanese firms to be more cautious in dealing with the USSR. On the other hand, Japan will continue to look for ways to increase sales to China.

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Recent Actions

The expulsion in July of two Soviets for industrial espionage was the latest and most visible development in Japan's increasing efforts to restrict technology transfer. During the past nine months, Tokyo has also curtailed entrance visas for Soviet visitors and tightened travel restrictions on Soviet scientific and technical delegations.

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In addition, Tokyo has allocated additional manpower and funds for enforcement and improved coordination among the ministries involved in technology transfer and export control. The Foreign Ministry has established a special group in its Soviet Division to study the problem and to coordinate activities with MITI and the security agencies.

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The Foreign Ministry has emerged as the most active proponent of these precautions, overshadowing trade officials who

This memorandum was prepared by the Office of East Asian Analysis

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[redacted]

have viewed technology exports solely in commercial terms. Japanese officials were apparently concerned that failure to respond to recent crackdowns in the United States and Western Europe left Japan open to criticism that it was not doing its part. The Foreign Ministry has thus raised technology transfers from a trade administration matter to a broader foreign policy issue. [redacted]

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Both Prime Minister Nakasone and Chief Cabinet Secretary Gotoda are more sensitive than their predecessors to the contribution Western technology makes to the growth of the Soviet military power. Using the bluntest language yet from Tokyo, Foreign Minister Abe recently reaffirmed Tokyo's commitment to reducing illegal outflows of technology. [redacted]

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The USSR's Response

To date Moscow has taken no reprisals for the expulsions and new measures. The Soviets have continued to stress the need for improved relations, even while strongly criticising Tokyo's stand on foreign policy and defense issues. [redacted]

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The Soviets are likely to continue trying to persuade Japanese firms to circumvent COCOM restrictions and will probably increase pressure on the friendly and specialized trading firms which depend on trade with the USSR. [redacted]

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Continuing Efforts

Tokyo is considering even tighter review of high-technology exports, stricter interpretation of COCOM guidelines, and more thorough inspections of shipments of electronics parts to the USSR. The Foreign Ministry is preparing a campaign to acquaint

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the business community with the Soviet collection effort and its implications for Japan's national security. As part of the effort, the Ministry plans to publish a pamphlet containing examples of technology transfers of strategic importance. [redacted]

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China

Japan is a major source for Chinese imports of high technology and related equipment. Although the United States will continue to dominate the Chinese high technology market for the near term, Japan, as China's largest trading partner overall, could become a serious competitor to US interests by the end of the decade. This is particularly true in microelectronics and telecommunications where both the United States and Japan produce state-of-the-art products. [redacted]

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We believe Tokyo will continue to follow the lead of the United States and international bodies such as COCOM in determining an acceptable level of high technology trade with China. At the same time, Japanese businessmen will continue to press for a liberal interpretation of dual-use technologies. Japanese business interests can be expected, in particular, to take advantage of any improvement in the Chinese-Western political atmosphere to expand and promote their trading interests. [redacted]

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